

***- Legislation Would Eliminate Marriage and Child Care Penalties -***

***- In 19th Congressional District, Over 100,000 Households Hit with Alternative Minimum Tax -***

***-Westchester Ranks #1 Among U.S. Counties in Households Paying AMT-***

Washington, DC – Today U.S. Rep. John Hall (D-NY19) introduced The Family Tax Relief Act and repeated his call for comprehensive Alternative Minimum Tax (AMT) reform to protect working families from paying a tax intended for millionaires. The Family Tax Relief Act would remove the marriage and parent penalties that the AMT currently imposes on married couples and families.

"The alternative minimum tax was created to prevent the wealthiest Americans from using loopholes to circumvent federal taxes," said Hall. "But tens of thousands of middle class families across the Hudson Valley are now being ensnared by a tax that was never intended for them. Even worse, married couples are hit harder than single taxpayers by this excessive tax."

The Hudson Valley is disproportionately affected by the AMT. In 2005, over 30,000 families paid the AMT in New York's 19th Congressional District. According to the House Ways and Means Committee, that number has ballooned to over 103,000 families this year. That means only 12 Congressional Districts in the country have a larger number of families that will pay the AMT this year.

The AMT disallows common deductions, such as the deduction for state and local taxes, making the payment of this tax particularly onerous in states such as New York and New Jersey, that have high property taxes and state income taxes. Under current law, taxpayers are required to calculate their regular income tax and then do a separate calculation of their AMT tax, and then pay the higher of the two accounts. When calculating their AMT tax, taxpayers are allowed to take an AMT deduction. Currently, for a single taxpayer the AMT deduction is \$33,750. A married couple, however, is able to deduct only \$45,000 – significantly less than the amount they are able to deduct as two single taxpayers. Hall's bill eliminates this marriage penalty and also increases the amount of the deduction for all AMT taxpayers. Under Hall's legislation the deduction would be raised to \$50,000 for singles and to \$100,000 for couples – putting married and single tax filers on an equal footing.

"It's bad enough that working families are saddled with an onerous additional income tax," said Hall. "But to make married families pay more than single taxpayers makes no sense at all. My bill will put an end to that unfairness as well as increase the deduction for everyone."

The AMT will also prevent anyone who pays it from taking advantage of the child tax credit and the adoption credit. Hall's bill would allow taxpayers to take the child tax credit and the adoption credit against AMT liability.

"The child and adoption tax credits ensure that once a family makes the decision to have children they will not be punished with higher taxes. Instead, they pay less in taxes, to make up

for the additional costs of raising a family," said Hall. "This is a family-friendly policy that many American families rely on, but families subject to the AMT do not benefit from these credits and that is unfair."

Hall has made AMT reform a top priority since coming to Congress. Earlier this year, Hall wrote to Ways and Means Committee Chairman Charles Rangel and Ranking Member Jim McCrery, urging them to use their positions on the House's chief tax writing committee to permanently fix the AMT.

Westchester, Rockland and Putnam Counties all fall in the top 0.2% of counties in the nation most affected by the AMT while Orange and Dutchess Counties fall in the top 2%, in terms of the number of taxpayers affected. Taxpayers in the 19th CD paid an average of \$3,813 more on their 2004 taxes because of the AMT. For \$500 more than the average AMT tax, a Hudson Valley parent could pay the average cost of a year's tuition at a State University of New York college.

Without legislative reform, the AMT will affect 27 million taxpayers nationwide in 2007, up from 4 million in 2006.